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Argentina and Uruguay go to Court

by LADB Staff

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Relations between Argentina and Uruguay have deteriorated seriously because of two planned paper mills along a shared river. The Argentine government has announced plans to take its case against Uruguay's planned mills (see NotiSur, 2005-09-16) to the International Court of Justice (ICJ) in The Hague. Meanwhile, environmental groups have blockaded the main bridge leading from Gualeguaychu, Argentina, to the western Uruguayan town of Fray Bentos, cutting transit and commerce into Uruguay for several consecutive days.

Environmentalists blockade road into Fray Bentos for days

Environmental groups opposing construction of the cellulose pulping plants have repeatedly blocked traffic on the Gualeguaychu highway that leads to a major crossing over the Rio Uruguay. The planned mills, within about 10 km of each other and near the town of Fray Bentos, are slated to be built by Finland's Metsa-Botnia and Spain's Empresa Nacional de Celulosa de Espana (ENCE). The pulp mills used in paper manufacturing are drawing harsh criticism from environmentalists and protests from area residents, especially on the Argentine side of the river, where opposition takes some leadership from Jorge Busti, governor of the eastern province of Entre Rios, and the Asamblea Ambiental de Gualeguaychu.

Argentina wants the projects halted because of concern the mills will emit harmful toxins. Bilateral relations have entered a standoff, with the hard-line residents of Gualeguaychu making it seem unlikely that the two countries will negotiate a settlement to the dispute.

On Feb. 3, supporters of the Asamblea Ambiental began the blockade of the international bridge General San Martin between Fray Bentos and Puerto Unzue, Argentina. As of Feb. 8, the protest was still blocking movement of some 200 trucks with supplies destined for Uruguay. The protestors demanded the suspension of plant construction, but Uruguayan President Tabare Vazquez said that would not happen.

Vazquez and his officials have repeatedly claimed there is no risk of contamination from the plants based on the modern technologies that the businesses will use. Entre Rios residents, however, anticipate irreversible damage to the river ecosystem. Vazquez accuses Argentina of inflicting real harm on his country because of "a hypothetical harm."

The blockade immobilized hundreds of trucks headed for Uruguay, some of them Chilean vehicles with supplies bound for the Fray Bentos plants. Some of those truckers decided to turn back home. Cellulose export is an extremely profitable export industry in South America, although it has been implicated in many cases of environmental contamination (see NotiSur, 2005-05-06 and 2005-10-07).

Uruguay complains that the plant, representing a total investment of US\$1.86 billion in the country, would be a key part of its economy, which is tiny compared to that of its much larger neighbor. Uruguay also criticizes the protestors for attacking the paper mills it is building while a number of mills function in other parts of Argentina.

Argentine President Nestor Kirchner told residents to lift their blockade to allow negotiations to occur, although he reproached Uruguay for not complying with the bilateral commitments of the 1975 Treaty of Rio Uruguay, which obligates both countries to consult each other regarding any undertaking that would affect the border river.

Kirchner met with Gov. Busti on Feb. 7 and asked him to dissuade residents from blockading the border, something Busti has failed to do so far. Argentina's Foreign Ministry objects to the technical reports by the cellulose companies that deny any likelihood of contamination. The ministry called for a joint environmental study. With the two countries headed for the ICJ, however, the probability of any joint activity seems slim.

Argentina decided to take its case to The Hague when Uruguay refused to suspend construction, something Argentina says the treaty stipulates. Busti's legislature has passed a resolution calling on the federal government to solidify its lawsuit at the ICJ.

Argentine newspaper La Nacion quoted an unnamed Foreign Ministry official as saying, "We continue putting together papers [for the presentation at The Hague], but if in the meantime a better solution is reached, we will subscribe to it."

On Feb. 8, Antonio Serrentino of the Camara de Transporte Terrestre Internacional (CATIDU) of Uruguay, said that 200 cargo trucks were blocked and were losing US\$200 per day. He also said that, at a blockade higher up the river at a bridge between Paysandu, Uruguay, and Colon, Argentina, "another 11 trucks were detained, 10 Chilean and one Uruguayan" with materials for the Botnia plant. Serrentino said the most important point of trade between the two countries is the Fray Bentos-Puerto Unzue bridge, "which concentrated up to 85% of the 90,000 tons of import and export cargo between Argentina and Uruguay last year." Bilateral commerce reached US\$1.5 billion in 2005.

World Bank does environmental review

The World Bank is planning to finance the project with US\$400 million, although it made statements in mid-November that it would be suspending funding pending an environmental review. The Bank quickly clarified the statement after Uruguayan protests, saying the funding process had not been suspended. A draft review of the expected social and environmental impact of the two Uruguay mills was released Dec. 19, according to the Bank's private-sector lending arm. The report was required for the International Finance Corporation's approval of financing for construction of the mills.

The World Bank has come under criticism for focusing its ostensible poverty-relief programs on large-scale industrial projects like the Fray Bentos paper mills or major dam projects (see NotiSur,

2004-09-03). Uruguay accuses Argentines of double standard Uruguayans point to the ongoing pollution of Argentina's Parana River by the pulp and paper mills along its banks. Nearly a dozen mills producing both wood pulp and paper are located along the Parana River, and have a total combined output of some 850,000 tons a year. Some of these mills have been in operation for 50 years and dump toxic waste directly into the river.

"It's true that we have these kinds of plants in Argentina, and it's also true that they are not harmless," said Juan Carlos Villalonga, head of the Argentine chapter of the international environmental watchdog Greenpeace, a leader in the direct-action protests against the Fray Bentos plants. "But the volume of production of these two new plants is substantially greater, as is the potential for pollution." The Parana River runs from Paraguay south to the Rio de la Plata, the same body of water into which the Rio Uruguay flows.

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